

# EXHIBIT 3



## DirecTV Buys DVR Software Maker ReplayTV

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In the latest twist in the ever-shifting digital video recording industry, the nation's leading satellite broadcaster DirecTV has purchased most of the assets of ReplayTV, an early pioneer of DVRs that was crushed into near oblivion years ago after a court battle with Hollywood.

DirecTV Group Inc. acquired the ReplayTV brand and other assets from Tokyo-based D&M Holdings Inc., D&M said Thursday. Financial terms were not disclosed.

D&M is the parent company of Denon, Marantz and several other audio and home theater brands. ReplayTV, along with rival TiVo Inc., debuted its DVR in 1999, introducing TV viewers to the technology of pausing live TV, zipping past commercials and recording programs without the hassles of videotape.

ReplayTV beat TiVo to the market by a few months, but TiVo ultimately prevailed, becoming the catchy brand synonymous with DVRs.

It's unclear what DirecTV's specific plans are with ReplayTV, though some might construe the purchase as preemptive protection against future patent disputes.

TiVo is in a high-stakes DVR patent fight against DirecTV's rival, EchoStar Communications Corp., which operates the Dish Network. TiVo has already won a jury verdict in the case, which will force EchoStar to stop selling its DVR boxes. But that court ruling is on hold, pending the outcome of an appeal.

In a statement issued Friday by spokeswoman Jade Ekstedt, DirecTV said the ReplayTV acquisition will allow it to "explore new services" and "the potential of ReplayTV's (intellectual property)" and patents.

"We consider this to be a significant portfolio in the area of DVRs and advanced DVR features," DirecTV said, adding that "no decisions have been made concerning the integration of Replay technology with our existing platform."

In fact, El Segundo-based DirecTV used to partner with TiVo to sell DVR-enabled satellite receivers, but now it uses DVR technology from NDS Corp. instead. Just earlier this month, DirecTV extended that contract with NDS to 2013.

D&M's chairman and chief executive said the ReplayTV business was profitable, but that the sale made "the most sense" for D&M and its efforts to focus on other brands and acquisitions.

D&M said it will continue operating the service contracts for existing ReplayTV subscribers for the foreseeable future while DirecTV assumes most of the other assets of the brand.

ReplayTV focused on selling DVR software and services as its Cupertino-based operation sifted through owners. SonicBlue Inc. purchased ReplayTV for \$125 million in 2001 but then sold ReplayTV and MP3 player maker Rio to D&M for \$36.2 million in 2003 after filing for bankruptcy amid a protracted battle against Hollywood over ReplayTV's ad-skipping feature. That court fight ended after D&M agreed to remove the controversial feature.

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